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FISCAL IMPACT STATEMENT

LS 6393

BILL NUMBER: SB 106

NOTE PREPARED: Jan 23, 2014

BILL AMENDED: Jan 23, 2014

SUBJECT: Local Government Transparency.

FIRST AUTHOR: Sen. Charbonneau

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Department of Local Government Finance:* The bill requires the Department of Local Government Finance (DLGF) to develop indicators of fiscal health for school corporations and other political subdivisions.

It also requires the DLGF to present information for evaluating the fiscal health of political subdivisions on the Indiana transparency Internet web site through conveniently and easily accessed dashboards.

Technical Assistance: The bill allows political subdivisions to request technical assistance from the Distressed Unit Appeals Board (DUAB) beginning in 2015.

Office of Management and Budget: The bill requires the Office of Management and Budget (OMB) to evaluate whether the DUAB requires additional powers and resources to provide technical assistance. It also requires OMB to also evaluate the organizational structure, board composition, and number of board members of the DUAB. The bill allows the OMB to recommend any legislation necessary to provide those additional powers and resources to the DUAB.

Effective Date: Upon passage.

Explanation of State Expenditures: (Revised) The bill potentially increases the workload of the DUAB, resulting in additional costs for the DLGF, which provides staff and assistance and supports the DUAB from the DLGF budget. Any increase in expense for the DLGF will depend on the number of units requesting technical assistance from the DUAB and the technical assistance the DUAB provides.

The bill is expected to have no fiscal impact on the DLGF to develop and present indicators of fiscal health of school corporations and other political subdivisions on the Indiana transparency web site, or for the Office of Management and Budget to evaluate and make recommendations concerning the DUAB.

Additional Information: The DUAB met three times in both CY 2012 and CY 2013. It considered three appeals from local units in CY 2012 and two appeals in CY 2013.

Under the bill, the DUAB would provide information and technical assistance with respect to data management, accounting, or other aspects of fiscal management to a political subdivision, or help the political subdivision obtain assistance from state agencies and other sources.

Explanation of State Revenues:

Explanation of Local Expenditures: *Technical Assistance:* If a political subdivision that is showing signs of financial distress is able to benefit from technical assistance provided by the DUAB, the unit may not have to go through a full appeal to the DUAB. Whether cost savings occur will depend on the steps the political subdivision must take to regain fiscal health and the cost of the appeal that was avoided.

Fiscal Health Indicators: The DLGF indicates that no additional information will be needed from local units to calculate the fiscal health indicators suggested in the bill.

Explanation of Local Revenues:

State Agencies Affected: DLGF, OMB, DUAB.

Local Agencies Affected: Public schools and political subdivisions.

Information Sources: Micah Vincent, Commissioner, DLGF.

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